

Message Text

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PAGE 01 OTTAWA 02673 01 OF 02 301332Z
ACTION EUR-12

INFO OCT-01 ISO-00 SOE-02 AID-05 CEA-01 CIAE-00
COME-00 DODE-00 EB-08 DOE-15 H-01 INR-10 INT-05
L-03 NSAE-00 NSC-05 OMB-01 PM-05 ICA-11 OES-07
SP-02 SS-15 STR-07 TRSE-00 ACDA-12 NRC-05 CEQ-01
EPA-01 IO-13 NSF-01 DLOS-09 PA-01 HEW-04 DOEE-00
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P 301316Z MAY 78
FM AMEMBASSY OTTAWA
TO SECSTATE WASHDC PRIORITY 7516
INFO AMCONSUL CALGARY BY POUCH
AMCONSUL VANCOUVER BY POUCH

C O N F I D E N T I A L SECTION 01 OF 02 OTTAWA 02673

PASS DOE FOR LES GOLDMAN AND ASST SECY BERGOLD; DOE/FERC
FOR COMMISSIONER SMITH AND JOHN ADGER

E.O. 11652: GDS
TAGS: ENRG, PGOV, SENV, CA
SUBJECT: NORTHERN GAS PIPELINE: FIRST DRAFT TERMS AND
CONDITIONS

1. SUMMARY. RELEASE MAY 17 OF INITIAL DRAFT TERMS AND
CONDITIONS BY NORTHERN PIPELINE AGENCY MARKS OPENING
PHASE OF CONSULTATION WITH PROVINCIAL AND TERRITORIAL
GOVERNMENTS AND CONCERNED CITIZENS' GROUPS REGARDING
PROJECT REGULATORY POLICY. DRAFT DOCUMENT'S MOST SIGNI-
FICANT SOCIO-ECONOMIC PROVISIONS DEAL WITH EMPLOYMENT OF
NORTHERNERS, SAFEGUARDS TO ASSURE NORTHERN BUSINESSES HAVE
OPPORTUNITY TO COMPETE FOR SUPPLY AND SERVICES CONTRACTS
AND RESTRICTION OF HIRING TO SOUTHERN CENTERS FOR ALL
APPLICANTS EXCEPT NORTHERN RESIDENTS. ENVIRONMENTAL
RULES ARE DETAILED AND WIDE-RANGING, SEEK GENERALLY TO
MINIMIZE DISTURBANCE OF LAND AND WATER IN CONSTRUCTION
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PAGE 02 OTTAWA 02673 01 OF 02 301332Z

AREAS, AND AFFORD PROTECTION TO AREAS OF SPECIAL NATURAL,
CULTURAL OR ARCHAEOLOGICAL INTEREST.

2. WITH RELEASE OF DRAFT TERMS AND CONDITIONS PIPELINE
AGENCY IS NOW OPEN FOR BUSINESS AND RAPIDLY MOVING AHEAD
TO ESTABLISH REGULATORY POLICIES GOVERNING PROJECT.
EMBASSY IS CONCERNED THAT LACK OF PARALLEL ORGANIZATION

ON U.S. SIDE AND ABSENCE OF ANY FORMAL COORDINATIVE MECHANISM WILL RESULT IN DEVELOPMENT OF TERMS AND CONDITIONS BY CANADIANS IN A VACUUM WHERE USG INTERESTS ARE NOT ADEQUATELY REPRESENTED. EMBASSY, THEREFORE, RECOMMENDS THAT USG MOVE PROMPTLY TO ESTABLISH OFFICE OF FEDERAL INSPECTOR. WE ALSO RECOMMEND THAT USG PROPOSE REGULAR STAFF-LEVEL MEETINGS OF FERC, FEDERAL INSPECTOR'S OFFICE AND CANADIAN NORTHERN PIPELINE AGENCY REPRESENTATIVES TO DISCUSS RESPECTIVE REGULATORY POLICIES. END SUMMARY.

3. NORTHERN PIPELINE COMMISSIONER MITCHEL SHARP RELEASED MAY 17 FIRST DRAFT PROPOSALS FOR SOCIO-ECONOMIC AND ENVIRONMENTAL TERMS AND CONDITIONS GOVERNING PLANNING, CONSTRUCTION AND OPERATION OF NORTHERN GAS PIPELINE AND SUBMITTED THEM TO PROVINCIAL, TERRITORIAL AND LOCAL GOVERNMENTS FOR COMMENT BY JUNE 15, 1978. SECOND DRAFT WILL INCLUDE COMMENTS BY CONCERNED GOVERNMENTS AND GROUPS AND WILL BE RELEASED FOR PUBLIC REVIEW AT MEETINGS TO BE HELD IN LATE SUMMER AND FALL IN NORTHERN REGIONS MOST DIRECTLY AFFECTED BY PROJECT. ENVIRONMENTAL PANEL CHAIRED BY F.G. HURTUBISE WILL CONDUCT PUBLIC MEETINGS ON REVISED DRAFT AND YUKON ENVIRONMENTAL IMPACT STATEMENT CURRENTLY IN PREPARATION BY FOOTHILLS.

4. DRAFT SOCIO-ECONOMIC TERMS AND CONDITIONS DRAW
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PAGE 03 OTTAWA 02673 01 OF 02 301332Z

HEAVILY ON RECOMMENDATIONS BY BERGER AND LYSYK INQUIRIES, NATIONAL ENERGY BOARD REPORT ON NORTHERN GAS PIPELINE AND UNDERTAKINGS BY FOOTHILLS PIPE LINES (YUKON) LTD. TERMS AND CONDITIONS WITH WHICH FOOTHILLS MUST COMPLY INCLUDE CONSULTATION WITH COMMUNITIES ALONG ROUTE, MANPOWER PLAN FOR TRAINING AND EMPLOYING NORTHERN RESIDENTS, PLAN TO ASSIST NORTHERN LOCAL BUSINESSES IN BIDDING ON SUPPLY AND SERVICES CONTRACTS. FOOTHILLS WILL BE REQUIRED TO RESTRICT HIRING OF SOUTHERN WORKERS TO CENTERS OUTSIDE YUKON AND TO PROVIDE FOR THEIR TRANSPORTATION AND ACCOMMODATION SO AS TO MINIMIZE IMPACT ON LOCAL COMMUNITIES AND FACILITIES. OTHER MATTERS COVERED ARE HOUSING, COMMUNICATIONS, HEALTH AND SAFETY, SECURITY, PROVISION OF GAS TO ADJACENT COMMUNITIES, COMPENSATION FOR DAMAGES; PLANS FOR TRANSPORTATION OF MANPOWER, MATERIAL AND EQUIPMENT; AND OPPORTUNITIES FOR RESIDENTS TO ACQUIRE EQUITY AND TO PARTICIPATE IN BOARD OF DIRECTORS OF FOOTHILLS PIPE LINES (SOUTH YUKON) LIMITED.

5. ENVIRONMENTAL TERMS AND CONDITIONS ARE BASED ON RECOMMENDATIONS BY BERGER INQUIRY, HILL INQUIRY, UNDERTAKINGS BY FOOTHILLS, EXPERIENCE WITH ALYESKA PIPELINE CONSTRUCTION.

TION AND REPORT PREPARED BY ENVIRONMENT CANADA. DRAFT
STIPULATES THAT: "AS A GENERAL PRINCIPLE OF ENVIRON-
MENTAL CONSERVATION, THE AREAS OF LAND AND WATER USED BY
ANY PART OF PROJECT OR PHYSICALLY DISTURBED BY IT SHALL
BE KEPT TO A MINIMUM." ENVIRONMENTAL PROVISIONS COVER
ROUTING AND TIMING OF CONSTRUCTION; PROTECTION OF FISH
AND WILDLIFE; WATER, NOISE AND AIR POLLUTION; INSTALLATION
OF ACCESS ROADS; LOCATION OF CONSTRUCTION CAMPS; STAGING
AREAS AND STOCKPILE SITES; BLASTING; CLEARING OF RIGHT OF
WAY, CAMPSITES AND OTHER WORK WAYS; DISPOSAL OF WASTE
MATERIALS; REVEGETATION; PRESERVATION OF AREAS OF NATURAL,
CULTURAL OR ARCHEOLOGICAL SIGNIFICANCE; AND PERSONNEL
INSTRUCTION ON ENVIRONMENTAL PROTECTION.

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PAGE 04 OTTAWA 02673 01 OF 02 301332Z

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PAGE 01 OTTAWA 02673 02 OF 02 301335Z
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INFO OCT-01 ISO-00 SOE-02 AID-05 CEA-01 CIAE-00
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P 301316Z MAY 78

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC PRIORITY 7517

INFO AMCONSUL CALGARY BY POUCH

AMCONSUL VANCOUVER POUCH

C O N F I D E N T I A L SECTION 02 OF 02 OTTAWA 02673

6. DRAFT DOCUMENT WAS RELEASED IN WASHINGTON THROUGH
CANADIAN EMBASSY. WE UNDERSTAND IT WAS INFORMALLY MADE
AVAILABLE TO DOE AND OTHER AGENCIES BY NORTHERN PIPELINE
COMMISSION STAFF. IF DEPT OR OTHER WASHINGTON ADDRESSEES
WISH ADDITIONAL COPIES EMBASSY WILL MAKE ARRANGEMENT

THROUGH NORTHERN PIPELINE COMMISSION TO PROCURE THEM.

7. COMMENT: WITH RELEASE OF FIRST DRAFT TERMS AND CONDITIONS PIPELINE AGENCY IS NOW OPEN FOR BUSINESS. IT IS STAFFING UP AND RAPIDLY MOVING AHEAD WITH ITS REGULATORY PROGRAM. EMBASSY RECOMMENDS THAT USG MOVE PROMPTLY TO ESTABLISH OFFICE OF FEDERAL INSPECTOR. WE ALSO RECOMMEND THAT USG PROPOSE TO GOC THAT INFORMAL MECHANISM BE SET UP TO COORDINATE DEVELOPMENT OF TERMS AND CONDITIONS AND OTHER REGULATORY POLICIES RELATING TO PROJECT. PARTICIPANTS SHOULD BE STAFF-LEVEL PERSONNEL FROM FERC, FEDERAL INSPECTOR'S OFFICE AND CANADIAN NORTHERN PIPELINE AGENCY WHO WOULD MEET PERIODICALLY TO DISCUSS REGULATORY ISSUES. FEDERAL INSPECTOR AND NORTHERN PIPELINE COMMISSIONER WOULD PARTICIPATE WHEN DEEMED NECESSARY. ABSENT SUCH A MECHANISM
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PAGE 02 OTTAWA 02673 02 OF 02 301335Z

ISM, CANADIANS WILL SOON HAVE THEIR REGULATORY PROGRAMS SET IN CONCRETE WITHOUT ADEQUATE REPRESENTATION OF U.S. INTERESTS. ENDERS

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